

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 FEA-01 XMB-02 /104 W
-----079430 042153Z /61

R 040842Z AUG 77
FM AMEMBASSY MADRID
TO SECSTATE WASHDC 1256
INFO USDOC WASHDC

C O N F I D E N T I A L MADRID 5825

DEPARTMENT PASS EX-IM BANK FOR ROBERT KAISER

E.O. 11652: GDS
TAGS: ENRG, TECH, EFIN, SP
SUBJECT: NUCLEAR SITING: ESCATRON PROJECT

REF: MADRID 5132

1. THE MINISTRY OF INDUSTRY AND ENERGY HAS DECIDED TO LET THE CORTES TAKE FINAL ACTION ON THE ESCATRON NUCLEAR POWER PROJECT IN THE CONTEXT OF A CORTES REVIEW OF THE "NEW" ENERGY PLAN. ESCATRON CONSISTS OF TWO 1000 MEGAWATT REACTOR/GENERATOR UNITS TO BE SUPPLIED BY WESTINGHOUSE TO THE OWNERS, THE INI ELECTRIC COMPANIES ENDESA AND ENHER AND A PRIVATE POWER COMPANY IN ZARAGOZA. THE EX-IM BANK RECENTLY APPROVED A LOAN COVERING US EQUIPMENT INVOLVED.

2. THE MINISTRY'S MOVE IS POLITICALLY MOTIVATED SINCE, ON TECHNICAL AND ECONOMIC GROUNDS, THE DECISION TO GO AHEAD HAS ALREADY BEEN MADE. HOWEVER, IN LINE WITH ITS GENERAL POLICY OF CONSULTING WITH PARLIAMENT ON IMPORTANT AND SENSITIVE MATTERS, CONFIDENTIAL

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THE GOS WANTS THE CORTES TO APPROVE THE OVERALL ENERGY PLAN AND MAKE THE FINAL DECISIONS ON ITS IMPORTANT ELEMENTS.

3. ASIDE FROM THE NATIONAL ENERGY PROGRAM THERE IS A SPECIFIC REASON FOR BRINGING THE ESCATRON PROJECT TO THE CORTES. SEVERAL LOCAL GROUPS IN ZARAGOZA PROVINCE

HAVE OBJECTED TO LOCATING THE PROJECT THERE UNLESS THE PEOPLE OF THE IMMEDIATE AREA BENEFIT MATERIALLY FROM IT. THUS IT BECOMES SIGNIFICANT THAT THE PROJECT WILL BE DISCUSSED WITH CORTES DELEGATES FROM BOTH ZARAGOZA AND TERUEL PROVINCES BEFORE BEING TAKEN UP BY THE ENTIRE BODY. THIS APPEARS TO BE AN EFFORT TO PIT TERUEL AGAINST ZARAGOZA IN COMPETITION FOR THE PROJECT.

4. TERUEL DOES NOT NEED THE AMOUNT OF ELECTRICITY THAT WOULD BE GENERATED BY ESCATRON. HOWEVER, IT WOULD DERIVE SIGNIFICANT FISCAL BENEFIT FROM THE PROPOSED PROVINCIALTION ELECTRICITY EXPORTED TO OTHER PROVINCES, IN THIS CASE MAINLY ELECTRICITY EXPORTED TO ZARAGOZA. ZARAGOZA SEEKS ADEQUATE ELECTRICITY FOR ITS AMBITIOUS INDUSTRIAL DEVELOPMENT. IT WOULD ALSO SEEK TO AVOID PAYING TAXES TO TERUEL FOR THE POWER. THE PROBLEM WOULD THEREBY BE NEATLY CONVERTED FROM ONE OF LOCAL GROUPS OPPOSING A MONLITHIC CENTRAL REGIME INTO A COMPETITION BETWEEN TWO PROVINCIAL GOVERNMENTS TO BEST MEET THE NEEDS OF THEIR RESIDENTS (VOTERS).

5. THERE IS NO REASON TO BELIEVE THAT THE ESCATRON PROJECT WILL NOT BE APPROVED BY THE CORTES. SPAIN RECOGNIZES THE NEED FOR DEVELOPING NUCLEAR POWER
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AS FAST AS POSSIBLE. PASSING THE ESCATRON DECISION TO THE CORTES GIVES IT AN IMMEDIATE ROLE IN IM-PLEMENTING THE ENERGY PLAN. IT MAY ALSO PROVE TO BE AN INTERESTING OPPORTUNITY FOR LOCAL GOVERNMENTS DEMANDING MORE AUTONOMY TO SEE WHAT IT IS LIKE TO LOCK HORNS WITH ONE ANOTHER OVER COMPETING INTERESTS. STABLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, POLICIES, NUCLEAR POWER PLANTS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MADRID05825
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770280-0184
Format: TEL
From: MADRID
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770897/aaaademq.tel
Line Count: 100
Litigation Code IDs:
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Litigation History:
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Message ID: c5a5fc61-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 MADRID 5132
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1710114
Secure: OPEN
Status: NATIVE
Subject: NUCLEAR SITING: ESCATRON PROJECT
TAGS: ENRG, TECH, EFIN, SP
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c5a5fc61-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009